

OAH Docket No. 12-2500-10956-2  
MPUC Docket No. P-442, 5231, 3167, 466, 421/C1-96-1540

STATE OF MINNESOTA  
OFFICE OF ADMINISTRATIVE HEARINGS

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of a Generic Investigation  
of U S West Communications, Inc.'s  
Cost of Providing Interconnection and  
Unbundled Network Elements

**SEVENTH PREHEARING ORDER**

The above-entitled matter came on for hearing on U S West's Motion to Compel Discovery from AT&T and MCI before Administrative Law Judge Steve M. Mihalchick on January 21, 1998, in the Minnesota Public Utilities Commission's Small Hearing Room, 121 Seventh Place East, Suite 350, St. Paul, Minnesota.

The following persons appeared at the prehearing conference:

Kevin J. Saville, Attorney, U S West, Inc., 200 South Fifth Street, Room 395, Minneapolis, Minnesota 55402, for U S West Communications, Inc.

Michel L. Singer, Attorney at Law, 1875 Lawrence Street, Suite 1575, Denver, Colorado 80202, for AT & T Communications of the Midwest, Inc.

Gregory R. Merz, Gray, Plant, Mooty, Mooty & Bennett, 3400 City Center, 33 South Sixth Street, Minneapolis, MN 55402, for MCIMetro Access Transmission Services, Inc.

J. Jeffrey Oxley, Assistant Attorney General, 445 Minnesota Street, Suite 1200, St. Paul, MN 55101-2130, for the Department of Public Service.

Marc A. Fournier, Analyst, Minnesota Public Utilities Commission, 350 Metro Square Building, St. Paul, MN 55101, for the Commission staff.

At the conclusion of the hearing, it was ordered that U S West, AT&T, and MCI would engage in further discussion and redo some discovery requests and responses and then notify the Administrative Law Judge as to which discovery issues remained.

On February 5, 1998, U S West notified the Administrative Law Judge that it had reached a tentative compromise with MCI with respect to outstanding discovery requests, but that some issues remained open with AT&T. AT&T filed a response on February 20, 1998.

Based upon the record herein, the Administrative Law Judge makes the following:

### **ORDER**

U S West's Motion to Compel Discovery Responses from AT&T is:

1. GRANTED as to Information Request Nos. 66-69 and 1050. AT&T shall produce the requested information regarding AT&T's depreciation rates and methodology.

2. GRANTED as to Information Request Nos. 1048 and 1049. AT&T shall produce the requested information regarding AT&T's overhead expense ratio for the years 1991 to the present.

Dated this 5th day of March, 1998

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STEVE M. MIHALCHICK  
Administrative Law Judge

### **MEMORANDUM**

In Request No. 66, U S West requests a description of the depreciation methods used by AT&T for financial reporting purposes and any changes to those methods over the last five years. In Request No. 67, the depreciation lives used by AT&T for financial reporting purposes for the most current year are requested. In Request No. 68, a copy of the most recent depreciation filing with the FCC is requested. In Request No. 69, a copy of the most recent depreciation filing with the MPUC is requested. In Request No. 1050, copies of all schedules or documents filed with the FCC since 1991 showing depreciation lives and salvage values of AT&T's telecommunications plant and assets

are requested. U S West seeks the information to help it develop evidence regarding useful lives in a competitive telecommunications environment to support or refute the useful lives used in the cost models in this proceeding. AT&T opposes the discovery on the grounds that the information requested is irrelevant because AT&T's long distance network is not comparable to U S West's, making the data irrelevant, and, further, that the information is publicly available from the FCC.

Even though the networks are different, they are built with similar materials and equipment. Moreover, useful lives and depreciation methodologies are applied to separate classes of assets, many of which should be identical to those used by U S West and in the models. Therefore, the information is discoverable. Finally, U S West states that it has been unable to obtain the information by other means.

Request Nos. 1048 and 1049 relate to the overhead ratio of 10.4 percent used in the Hatfield Model. This ratio is based on large part upon AT&T's 1994 Form M Report filed with the FCC. In Request No. 1048, U S West requests copies of all other Form M and supporting documentation filed with the FCC since 1991. In Request No. 1049, U S West requests copies of all financial statements or documents filed with the FCC since 1991 which identify AT&T's general and administrative expenses and/or overhead expenses. U S West objected to these requests as unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. AT&T also argued that since they had provided all information supporting the calculation of the overhead factor used in the Hatfield Model, they had produced everything they were required to produce.

If AT&T's overhead ratio was different in years before or after 1994, that may be evidence U S West can use to discredit the 10.4 percent ratio used in the Hatfield Model. It is clearly discoverable. Nor does it seem that the information requested is particularly burdensome. Other than the fact that AT&T has not filed a Form M since 1994, it shall respond to these requests.

S.M.M.